

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 8154**

**BILL NUMBER:** SB 586

**DATE PREPARED:** Jan 30, 2001

**BILL AMENDED:** Jan 29, 2001

**SUBJECT:** Sales Tax Exemption for Certain Appliances.

**FISCAL ANALYST:** John Parkey

**PHONE NUMBER:** 232-9854

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State

**Summary of Legislation:** This bill exempts sales of certain energy efficient electrical appliances from the state gross retail tax if:

- (1) the appliance is manufactured in the United States; and
- (2) the sale occurs after June 30, 2001, and before January 1, 2006.

**Effective Date:** Upon passage.

**Explanation of State Expenditures:** The bill would require the Department of State Revenue to develop rules associated with the proposal. Any impact on the Department is expected to be absorbed using its existing staff and resources.

**Explanation of State Revenues:** This bill would reduce state revenue from the state sales and use tax. Under this bill, clothes washers, refrigerators, dishwashers, and room air conditioners that meet the United States Environmental Protection Agency's (EPA) Energy Star efficiency standards and were manufactured in the United States would be exempt from the state sales and use taxes. Due to data limitations, the impact of this bill is indeterminable.

Under current law, if a consumer were to purchase a U.S.-made, Energy Star labeled refrigerator for \$649, the consumer would owe approximately \$32.45 in sales tax. This bill would exempt the consumer from paying the sale tax.

Gross Retail (Sales) and Use taxes are deposited in the State General Fund (59.03%), the Property Tax Replacement Fund ( 40%), the Public Mass Transportation Fund (0.76%), the Commuter Rail Service Fund (0.17%), and the Industrial Rail Service Loan Fund (0.04%).

*Background Information:* One of the requirements for the sales tax exemption is that the appliance carries an Energy Star label. The Energy Star program was developed by the U.S. Department of Energy and the EPA. An appliance receives an Energy Star label if it is significantly more energy efficient than the minimum government standards. According to the EPA, Energy Star labeled products are among the most energy efficient available. The Energy Star program currently only covers the appliances listed in this bill.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of State Revenue.

**Local Agencies Affected:**

**Information Sources:** U.S. EPA, [www.energystar.gov](http://www.energystar.gov).